# ANNUAL REPORT
# 1980-81

## PUBLIC SERVICE
## PENSION BOARD

Alberta

ISSN 0383-3666

# THIRTY-FOURTH ANNUAL STATISTICAL REPORT

of the proceedings of the

PUBLIC SERVICE PENSION BOARD

pursuant to

THE PUBLIC SERVICE PENSION ACT

for the year ended

March 31, 1981

Alberta

PROVINCIAL TREASURER

403/427-8809

323 Legislature Building
Edmonton, Alberta, Canada
T5K 2B6

*To the Honourable* FRANK C. LYNCH-STAUNTON

*Lieutenant Governor of the Province of Alberta*

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit the Thirty-fourth Annual Report of the proceedings of the Public Service Pension Board, pursuant to *The Public Service Pension Act*, for the fiscal year ended March 31, 1981.

*Lou Hyndman*

MINISTER FOR PENSIONS

Alberta

GOVERNMENT PENSION BOARDS

403/427-7105

9811 - 109 Street
Sir Frederick W. Haultain Building
Edmonton, Alberta, Canada
T5K 0C8

Office of
the Chairman

The Honourable L. D. Hyndman
Provincial Treasurer
Minister for Pensions
Government of the Province of Alberta
Edmonton, Alberta.

Sir:

In accordance with *Section* 33 of *The Public Service Pension Act*, I have the privilege of submitting to you, the Thirty-fourth Annual Report of the Public Service Pension Board, for the fiscal year ended March 31, 1981.

The assistance of the staff of Payroll and Pensions Division of the Alberta Treasury is gratefully acknowledged.

Respectfully submitted,

J. E. Faries
CHAIRMAN OF THE BOARD

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# PUBLIC SERVICE PENSION BOARD

## BOARD CHAIRMAN

J. E. Faries
Chairman
Government Pension Boards

## MEMBERS

Gilbert Heise
Manager
Benefits & Salary Administration
Personnel Administration Office

VACANT

P. L. Morgan
Representative
Alberta Union of Prov. Employees

B. Frost
Representative
Alberta Union of Prov. Employees

# PUBLIC SERVICE PENSION ACT

## REPORT ON THE ACTIVITIES OF THE BOARD AND THE OPERATION OF THE ACT

The Public Service Pension Board met a total of 9 times during the fiscal year April 1, 1980 to March 31, 1981. At its meetings, the Board in addition to determination of the application of the Public Service Pension Act in individual cases, dealt with cases of approval of Long Term Disability Income Continuance plans, reciprocal transfer agreements and enrollment of part-time, seasonal/sessional employees, etc. The Board received pension related concerns of participants through members and employers. The Board dealt with a number of individual cases of which 8 related to disability pensions, 30 to the purchase of prior service, 5 to the re-employment of pensioners and 24 to the enrollment of part-time employees.

The Chairman's office, on behalf of the Board, conducted seminars for employees and employer representatives participating in the plan. A newsletter - "Postscript" - is published quarterly to keep in touch with the retirees under the pension plan. Many positive responses have been received on the publication.

The trend in retirement age has been stable and the average age of the retirees in the year under the plan continued at approximately 63 years. With the approval of several Long Term Disability Income Continuance plans under the Act, a significant reduction in disability pensions granted under the Act was evident, as the employees chose to receive disability benefits from their Long Term Disability plans and

to accrue additional pensionable service while receiving these benefits.

Employment pensions have been the subject of a great deal of study by governments and research institutions in the country. The mass media has devoted increasing amounts of attention to the subject. The Chairman's office continues to study these developments and participates in pension conferences e.g. National Pension Conference in Ottawa (March 11 - 13, 1981) so as to enable the Board to take proper account of the new developments.

The costs of pensions continue to be a major factor in the deliberations of the Board in its review of the operation of the Act. Recommendations for changes to the plan are made after careful consideration of the implications of the changes on overall pension policy.

The functions related to the receipt of contributions and disbursement of benefits were assigned to the Payroll and Pensions Division of Alberta Treasury, effective April 1, 1980. The following statistics are based on the information made available by them. Because of the transition, some of the statistics reported in the previous years are not available for this year.

## CONTRIBUTIONS

During the period covered by this report, there were pension accounts for 49,787 employees, including 2,283 accounts held on deposit on behalf of the terminated employees.

Employee contributions during the year amounted to $32,484,442, and employer contributions in respect of the Government Boards, Commissions, Corporations, etc. were in the amount of $10,090,721, for a total of $42,573,163.

Withdrawals totalled $8,630,918 inclusive of refunds of contributions and interest to terminated employees, refunds of excess employee and employer contributions, transfers to other pensions authorities under the terms of reciprocal agreements and transfers of employee contributions and interest to other registered pension or retirement savings plans.

## BOOK ENTRY TRANSFERS

A total of $2,309,341.79 was transferred from the Public Service Pension Plan to other Alberta Government pension plans, during the year, by book entry. A sum of $843,881.59 was transferred from the other Government plans to the Public Service Pension Plan. Details of these transfers appear on page 9.

## BENEFITS

Five hundred and eighty-four retirement pensions were granted during the year, including 13 deferred pensions which commenced during the fiscal period. Of these, 217 pensions were co-ordinated with the Canada Pension and/or the Old Age Security.

Forty-four pensions were granted to the surviving spouses of the employees who had died while in service. Thirteen of the pensions were co-ordinated with the Old Age Security.

As of March 1981, there were *5,943 pensioners (including the surviving spouses and other beneficiaries of the deceased employees or pensioners) in receipt of pensions. Approximately, 2,405 of these pensions were co-ordinated with the Canada Pension and/or the Old Age Security.

A total of 140 pensioners died during the year. Seventy-one of these pensions expired while 44 were awaiting transfer to the beneficiaries of the deceased pensioners.

*Including annuities still in force under Part 2 of the Act, which was repealed April 1, 1973, but not including pensioners receiving pension advances pending choice of pension option.

## PENSION ADJUSTMENT REGULATIONS

To provide a cost of living adjustment to pensions granted under the Act, section 4 of *The Public Service Pension Regulations*, being Alberta Regulation 306/69, was amended to authorize the following adjustments, effective January 1, 1981:

(a) pensions granted on or before January 1, 1980 were increased by 8.5%;

(b) pensions granted after January 1, 1980, but on or before February 1, 1980, were increased by 7.79%;

(c) pensions granted after February 1, 1980, but on or before March 1, 1980, were increased by 7.08%;

(d) pensions granted after March 1, 1980, but on or before April 1, 1980, were increased by 6.37%;

(e) pensions granted after April 1, 1980, but on or before May 1, 1980, were increased by 5.67%;

(f) pensions granted after May 1, 1980, but on or before June 1, 1980, were increased by 4.96%;

(g) pensions granted after June 1, 1980, but on or before July 1, 1980, were increased by 4.25%;

(h) pensions granted after July 1, 1980, but on or before August 1, 1980, were increased by 3.54%;

(i) pensions granted after August 1, 1980, but on or before September 1, 1980, were increased by 2.83%;

(j) pensions granted after September 1, 1980, but on before October 1, 1980, were increased by 2.13%;

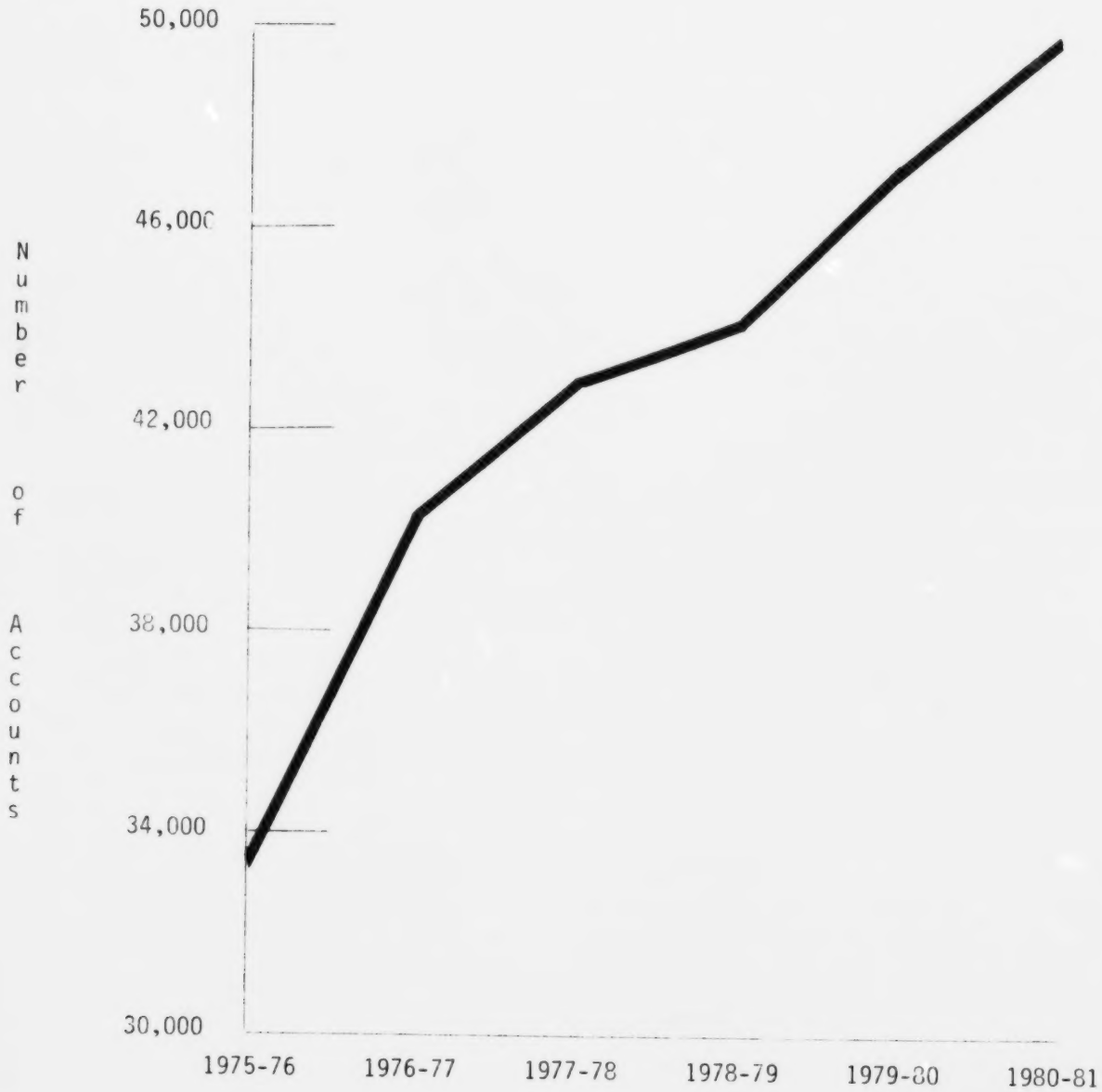
(k) pensions granted after October 1, 1980, but on or before November 1, 1980, were increased by 1.42%;

(l) pensions granted after November 1, 1980, but on or before December 1, 1980, were increased by 0.71%.

*(Alberta Regulation 7/81)*

## CONTRIBUTORS' ACCOUNTS

5-YEAR COMPARISON



## RECIPROCAL AGREEMENTS

For the purpose of transferring pension credits on a reciprocal basis, there were 32 agreements in effect between Public Service Pension Board and other pension authorities, as of March 31, 1981:

IN ALBERTA

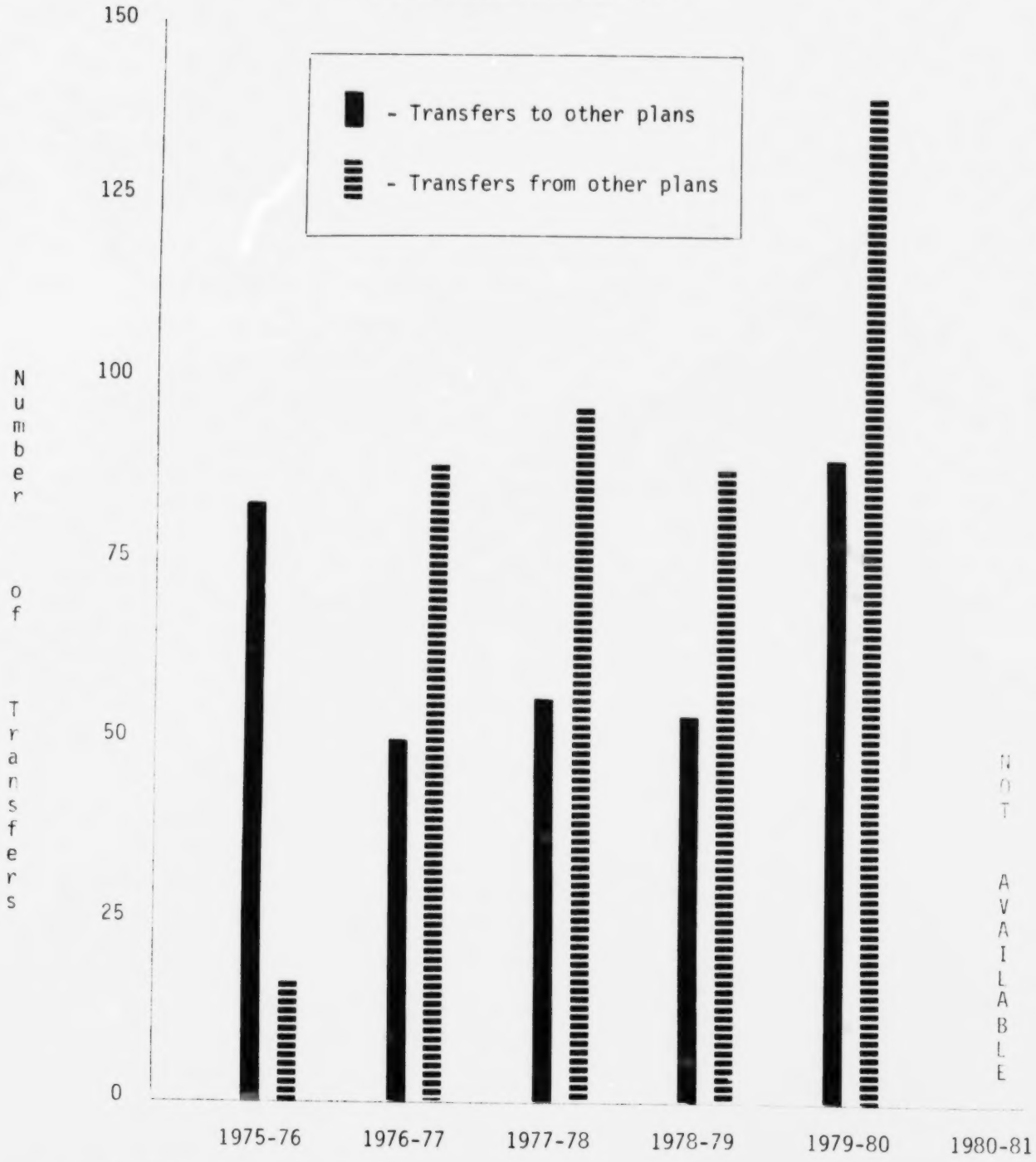
Alberta Government Telephones pension Board
Board of Administrators, Teachers Retirement Fund
Local Authorities Pension Board
Public Service Management Pension Board
Universities Academic Pension Board

OUTSIDE ALBERTA

Government of Canada, Treasury Board
Government of British Columbia Superannuation Commission
Government of Manitoba Civil Service Superannuation Board
Government of New Brunswick, Minister of Finance
Government of Ontario, Minister of Government Services
Government of Prince Edward Island, Minister of Finance
Government of Saskatchewan, Public Service Superannuation Board
Council of Maritime Premiers
Board of Governors, Dalhousie College and University
Board of Governors, University of Guelph
University of Manitoba
Board of Governors, McGill University
Board of Governors, McMaster University
Board of Governors, University of Regina
Board of Governors, University of Toronto
Board of Governors, Ontario Colleges of Applied Arts & Technology
Board of Governors, Ryerson Polytechnical Institute
Ontario Municipal Employees' Retirement Board
Ontario Teachers' Superannuation Commission
Ontario Workmen's Compensation Board
Saskatchewan Health Care Association
Saskatchewan Municipal Employees' Superannuation Board
Saskatchewan Power Corporation Superannuation Board
Saskatchewan Teachers' Superannuation Board
Central Mortgage and Housing Corporation
Crown Investments Corporation of Saskatchewan
Regina Civic Employees Superannuation and Benefits Plan

# TRANSFERS BY

# RECIPROCAL AGREEMENTS




Note: *Transfers by book entry to and from other Provincial Government pension plans, i.e. Public Service Management, Local Authorities, Universities Academic and Special Forces Pension Plans, are not included.*

## REFUNDS

The following refunds of contributions and interest were made in the fiscal year 1980-81:

| | |
|---|---|
| Refunds to terminated employees (*Section 25 of the Act*) . . . . . | $7,323,736 |
| Refunds by transfers to RRSP's, etc. (*Section 26 of the Act*) . . . . . | 871,684 |
| Refunds of excess employee/employer contributions | 104,831 |
| | $8,300,251 |

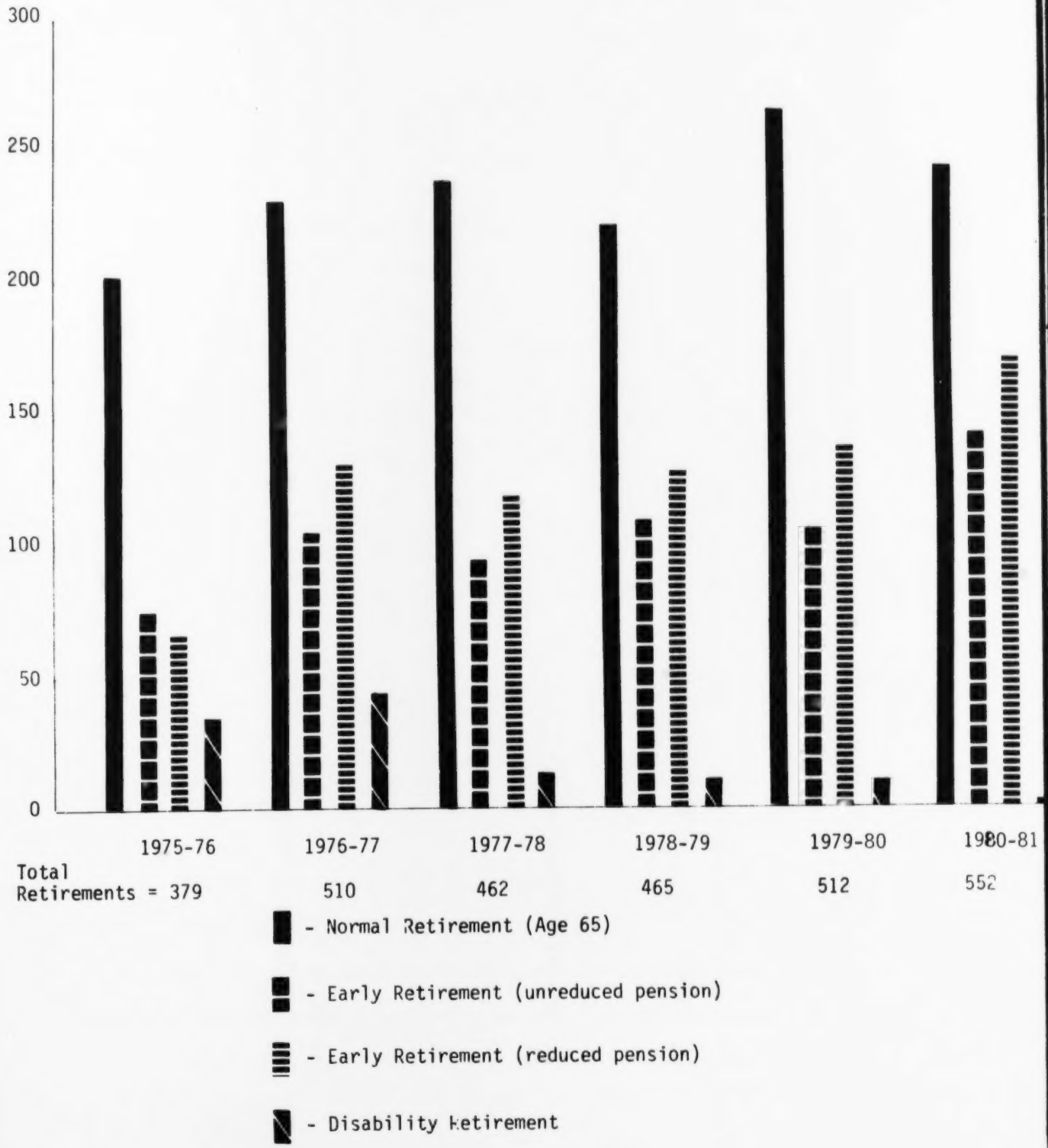
## TRANSFERS BY BOOK ENTRY

The following transfers of contributions and interest were made between Public Service Pension Plan and other Alberta pension plans, by book entry:

| PENSION PLAN | TRANSFER TO | TRANSFER FROM |
|---|---|---|
| Local Authorities Pension Plan | $ 545,484.58 | $579,356.78 |
| P.S. Management Pension Plan | 1,153,213.17 | 229,129.20 |
| Universities Academic Pension Plan | 608,610.32 | 8,424.00 |
| Special Forces Pension Plan | 2,033.72 | 16,539.42 |
| M.L.A. Pension Plan | - | 10,432.19 |
| | $2,309,341.79 | $843,881.59 |

In addition, contributions and interest amounting to $330,667.00 were transferred to other pension authorities, under the terms of reciprocal agreements. Similar transfers received during the year from other pension authorities are reflected in the total employee and employer contributions received and are not shown separately.

# RETIREMENTS



## RETIREMENTS

Retirees who were granted pensions during the year, took Normal, Early or Disability retirements as follows:

| | |
|---|---|
| Normal retirement at age 65 (*Section 9 of the Act*) | 241 |
| Retirement under 85 Rule (unreduced pension) (*Section 10 of the Act*) | 140 |
| (Co-ordinated with Canada Pension and/or OAS - 87) | |
| Early retirement after age 55 (reduced pension) (*Section 11(1)(a) of the Act*) | 169 |
| (Co-ordinated with Canada Pension and/or OAS - 117) | |
| Retirement due to disability (*Section 11(1)(b) of the Act*) | 2 |
| (Co-ordinated with OAS - Nil) | |
| Total Disability retirements - 2 | |
| Partial Disability retirements - 0 | |
| TOTAL RETIREMENTS DURING THE YEAR | *552 |
| Deferred pensions commenced during the year | 32 |
| (Co-ordinated with Canada Pension and/or OAS - 13) | |

*Not including pension advances being paid pending choice of pension option.*

## PENSIONS

| | |
|---|---|
| Lowest monthly pension paid at March 1981 . . . . . | $ 17.88 |
| Highest monthly pension paid at March 1981 . . . . . | $3,669.16 |
| Average monthly pension paid at March 1981 . . . . . | *$ 438.20 |
| TOTAL PENSION PAYMENTS DURING THE YEAR . . . . . | $29,171,261.00 |

*Based on the total number and the total amount of pensions paid at March 1981, inclusive of advances paid to retirees, pending choice of pension option.*

## SURVIVOR BENEFITS

Pensions granted to the spouses of the deceased employees:

| | |
|---|---|
| Spouse's Single Life Pension . . . . . | 22 |
| Spouse's Guaranteed Term Pension - 5 years . . . . . | 1 |
| Spouse's Guaranteed Term Pension - 10 years . . . . . | 6 |
| Spouse's Guaranteed Term Pension - 15 years . . . . . | 7 |
| Spouse's Guaranteed Term Pension - 20 years . . . . . | 8 |
| | 44 |
| Number of Spouse's Pensions co-ordinated with O.A.S. . . | 13 |

| | |
|---|---|
| Total amount of lump sum payments to the beneficiaries of the deceased employees . . . . . | $240,167.00 |

# C O M P A R A T I V E  S T A T I S T I C S

April 1, 1947 to March 31, 1981

| FISCAL YEAR | RECEIPTS | | | PAYMENTS | | | Excess of Receipts over Payments |
|---|---|---|---|---|---|---|---|
| | Employee Contributions | Employer Contributions | Total | Benefits | Withdrawals | Total | |
| 1947/48 to 1959/60 | $ 12,233,317.05 | $ 5,261,456.93 | $ 17,550,870.30 | $ 8,514,556.93 | $ 2,556,205.27 | $ 11,070,762.20 | $ 6,480,108.10 |
| 1960/61 | 1,976,032.98 | 492,346.71 | 2,468,379.69 | 1,319,198.00 | 343,122.72 | 1,662,320.72 | 806,058.97 |
| 1961/62 | 2,163,339.88 | 469,150.78 | 2,632,490.66 | 1,473,879.29 | 467,148.24 | 1,941,027.53 | 691,463.13 |
| 1962/63 | 2,121,808.56 | 520,203.37 | 2,642,011.93 | 1,614,510.77 | 546,315.99 | 2,160,826.76 | 481,185.17 |
| 1963/64 | 2,798,851.00 | 600,759.89 | 3,399,610.89 | 1,755,304.29 | 603,894.26 | 2,359,198.55 | 1,040,412.34 |
| 1964/65 | 3,343,876.99 | 758,044.04 | 4,101,921.03 | 2,116,451.43 | 866,001.77 | 2,982,453.20 | 1,119,467.83 |
| 1965/66 | 3,644,732.93 | 787,876.87 | 4,432,609.80 | 2,376,187.69 | 918,703.01 | 3,294,890.70 | 1,137,719.10 |
| 1966/67 | 4,008,212.10 | 912,835.41 | 4,921,047.51 | 2,835,781.70 | 947,400.45 | 3,783,182.15 | 1,137,865.36 |
| 1967/68 | 5,242,649.91 | 1,230,585.37 | 6,473,235.28 | 3,402,953.59 | 1,084,408.31 | 4,487,361.90 | 1,985,873.38 |
| 1968/69 | 5,319,615.04 | 1,235,271.33 | 6,554,886.37 | 3,863,902.58 | 1,275,485.10 | 5,139,387.68 | 1,415,498.69 |
| 1969/70 | 6,800,818.55 | 1,710,202.40 | 8,511,020.95 | 4,682,537.41 | 1,712,265.92 | 6,394,803.33 | 2,116,217.62 |
| 1970/71 | 7,501,032.38 | 1,953,995.89 | 9,455,028.27 | 5,466,241.33 | 1,507,943.64 | 6,974,184.97 | 2,480,843.30 |
| 1971/72 | 8,684,400.51 | 2,464,379.63 | 11,148,780.14 | 6,629,109.55 | 1,790,400.12 | 8,419,509.67 | 2,729,270.47 |
| 1972/73 | 8,916,839.25 | 2,625,291.43 | 11,542,130.68 | 7,808,964.85 | 2,333,933.15 | 10,142,898.00 | 1,399,232.68 |
| 1973/74 | 10,516,331.92 | 3,007,547.79 | 13,523,879.71 | 8,927,095.04 | 3,475,321.43 | 12,402,416.47 | 1,121,463.24 |
| 1974/75 | 11,826,621.00 | 3,764,940.30 | 15,591,561.30 | 10,389,976.87 | 3,870,214.09 | 14,260,190.96 | 1,331,370.34 |
| 1975/76 | 17,792,823.66 | 5,337,977.67 | 23,130,801.33 | 13,056,062.45 | 3,421,897.50 | 16,477,959.95 | 6,652,841.38 |
| 1976/77 | 19,633,141.86 | 5,808,330.72 | 25,441,472.58 | 15,746,748.96 | 4,122,997.04 | 19,869,746.00 | 5,571,726.58 |
| 1977/78 | 22,432,738.14 | 6,678,963.62 | 29,111,701.76 | 18,101,303.18 | 4,422,141.51 | 22,523,444.69 | 6,588,257.07 |
| 1978/79 | 25,382,214.29 | 7,569,947.58 | 32,952,161.87 | 21,171,641.99 | 6,354,353.52 | 27,525,995.51 | 5,426,166.36 |
| 1979/80 | 27,974,850.94 | 8,377,126.59 | 36,351,977.53 | 24,743,027.82 | 8,597,689.89 | 33,340,717.71 | 3,011,259.82 |
| 1980/81 | 32,482,442.00 | 10,090,721.00 | 42,573,163.00 | 29,171,261.00 | 8,630,918.00 | 37,802,179.00 | 4,770,984.00 |
| TOTALS | $242,796,690.94 | $71,657,955.32 | $314,510,742.58 | $195,166,696.72 | $59,848,760.93 | $255,015,457.65 | $59,495,284.93 |

# PUBLIC SERVICE PENSION ACT

## SUMMARY OF REVENUE AND EXPENDITURE TRANSACTIONS
for the year ended 31-MAR-81

| | |
|---|---|
| **REVENUE** | |
| Contributions: | |
| Employees | $32,482,442 |
| Employers | 10,090,721 |
| | $42,573,163 |
| **EXPENDITURE** | |
| Benefits: | |
| Pensions and annuities | $28,931,094 |
| Payment to beneficiaries | 240,167 |
| | $29,171,261 |
| Withdrawals: | |
| Contributions and interest in respect of employees leaving the service | 7,323,736 |
| Contributions and interest in respect of employees transferred to other pension authorities without reciprocal agreements | 871,684 |
| Contributions and interest in respect of employees transferred to other pension authorities with reciprocal agreements | 330,667 |
| Refund of excess contributions | 104,831 |
| | 8,630,918 |
| | $37,802,179 |
| Excess of revenue over expenditure for the year | $ 4,770,984 |

# PUBLIC SERVICE PENSION ACT

## NOTE TO THE SUMMARY OF TRANSACTIONS

March 31, 1981

Transfers

The following contributions and interest were transferred by book entry and are not reflected in the summary of transactions:

| | |
|---|---|
| Transfers to: | |
| Local Authorities Pension Act | $ 545,484.58 |
| Public Service Management Pension Act | 1,153,213.17 |
| Universities Academic Pension Act | 608,610.32 |
| Special Forces Pension Act | 2,033.72 |
| | $2,309,341.79 |
| Transfers from: | |
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| | $ 843,881.59 |